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6/17/98

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IP Board Meeting

Monday, 27 July 1970
10 a.m., PPD Bank

AGENDA

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- ✓1. Feedback on technical briefing on GIM ([REDACTED] -- discussion).
- ✓2. Further discussion of OCS Survey of Terminal Users
[REDACTED]
- ✓3. Preliminary report on Viatron [REDACTED]
4. Costing of ADP services. [REDACTED] memo attached --
discussion).
- 5. Contingency plan for emergency backup. (Each member to
describe existing arrangements for ADP centers in their Directorate.)
6. If time, further discussion of problems requiring Board action.
7. Other business.

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Selection of ADP Applications, Tasks and Jobs

1. Objective: To improve the selection of tasks, jobs and uses to which Agency ADP is applied; to ensure the application of cost-conscious judgment in the screening, selection and approval of requests for ADP services. The study will consider the following alternative methods of achieving this objective:

a. "Centralized" budgeting for ADP services by the ADP centers (OCS, CRS, NPIC, ORD, RID), and production of all user service requests within total resource limits.

This is the current practice and it forces ADP centers to determine what resources and priority they will assign to the various jobs requested.

b. Same as a. above, except users are informed of past service costs by means of quarterly reports like the OCS Resource Distribution Report and provided cost estimates for requested new jobs.

c. "Centralized" budgeting for ADP services by ADP centers with services accounted against an allowance or credit established for each user organization but no transfer of funds. This involves the user in a degree of "decentralized" planning, budgeting and management of ADP resources to determine his allowance, and it requires job estimates and cost accounting like the OCS Resource Distribution Report.

d. Division of budgeting into "decentralized" budgeting for ADP services and applications by users, and "centralized" budgeting by ADP centers for cadre and overhead activities such as systems engineering, training and administrative activities. ADP centers would charge users for all services, and funds would be transferred to pay for services.

e. Completely "decentralized" budgeting by users for all ADP services and activity including overhead and cadre functions. Users would be charged for all ADP services including an overhead fraction and funds or credits would be transferred from users to centers.

DOUBT THAT THIS OBJECTIVE CAN BE SERVED BY CHARGING THE CUSTOMER. RESOURCES ARE COMMITTED LONG BEFORE WE CAN PUT A COMPUTER SIGN ON A PROJECT

WHAT IS AN ADP SERVICE?

THIS ISN'T - OR SHOULDN'T BE - CURRENT PRACTICE. ANYTHING NEW REQUIRES IPC APPROVAL - BUT DOESN'T ALWAYS GET SURFACED.

METHOD OF CHARGING REQUIRES A CAREFUL LOOK.

CAN'T WAIT FOR ADP RESOURCE BUDGET PROCESS. TOO MUCH COMMITMENT HAS ALREADY BEEN MADE BY THAT TIME.

OCS SAYS THEY CAN'T FURNISH COST ESTIMATES.

USER HAS NO CONTROL OVER OCS MANAGEMENT.

NOT PRACTICAL

HOW?

f. Review and selection of ADP jobs by classes of job. Jobs would be grouped into several classes according to cost and priority, i.e., over \$100k, \$50k to \$100k, \$5k to \$50k, under \$5k and priority 1, 2, 3, 4 or deferred. Review could be performed by the IP Board, IP Staff or a special review board, with O/PPB, user, and ADP center representation. High cost or high priority jobs would receive more careful review than low cost or low priority jobs. Management attention and ADP resources would be focused on the more important jobs and work would be approved according to its value and urgency. Job selection would be on the merits of the individual application and in comparison with other requests competing for ADP services.

LOW COST
HIGH PRIORITY

MOST IMPORTANT
ARE NOT ALWAYS
THE MOST VALUABLE
OR THE MOST
URGENT - TAKE
STOCK.

These alternatives are a progression from minor changes of limited effectiveness to more thorough measures of greater effectiveness. Alternative f. could be used in combination with a., b., c., d. or e.

2. A means of estimating and costing ADP services is essential to the development of cost-conscious job selection. Fortunately each of the ADP centers, except ORD, currently has a means of costing ADP work, somewhat similar to the OCS Resource Distribution Report. Each of the centers is also capable of estimating approximately how much a new job will cost. All of the alternatives except a. involve the use of cost reports and estimates.

A second requirement is some procedure which induces or necessitates a serious consideration of cost and benefit in order to obtain approval of ADP jobs. When ADP services appear to the user to be a "free good" for which he does not have to pay nor budget, then there is no direct inducement for him to give serious consideration to their cost.

? THEY MAY DO IT - BUT
NOTHING SAYS THEY HAVE TO

Presently the ADP centers are responsible for producing all requested ADP jobs, within resource limitations. The requesting user is the sole judge of the value, urgency or need for the job. In practice a varying degree of cost-conscious judgment is applied by both user and ADP center. Some users carefully evaluate their own requests and reject those of low utility. ADP centers exercise some degree of control by persuading users to withdraw doubtful requests or by delay of questionable jobs. However, the result is not a consistently cost-conscious nor objective selection of ADP work.

NOT TRUE IN
DIS. AND MORE
IN ANY CASE
THIS IS WHAT
WE HAVE TO
GET AT - AND
DON'T DO
IT.

= IFC'S
should be
in this
loop - user
and OCS should
be sure that
they are.

3. Alternative b. is a minor change from present practice and only of minor benefit by itself. It informs users of the cost of past and future ADP services but does nothing to induce them to apply cost/benefit analysis or to become more cost-conscious in requesting ADP services. ADP service still appears to the user as a "free good" which is funded by someone else and whose cost is not his responsibility. Making users aware of costs is an important and essential first step, but its effectiveness is limited unless a means is also provided to make them responsible for costs.

Alternative b. is easy to apply and would probably be readily accepted by ADP users and centers. It is partially being done now. It could be considered as a very limited and minimum measure to adopt.

4. Alternative c. adds an inducement to user organizations to consider the cost of their ADP applications. It assigns the cost of ADP services against an allowance or credit established for each user but without any transfer of funds. ADP centers still do "centralized" budgeting but budgets must also be coordinated with users in order to establish each user's allowance. The user is thereby involved in a degree of "decentralized" planning, budgeting and management of the ADP resources which he uses. No project would be terminated simply because it exceeded a user's allowance, but there would be a greater awareness and attention to the end uses of ADP and their costs. Overruns of user allowances would be identified for management review. *PRA*

The purpose of this alternative is to increase the coordination, accountability, user involvement and cost-conscious attention to ADP applications and resources. This in turn requires a certain amount of administrative effort or "red tape" and imposes a modest constraint on users. It is the most moderate measure which could be expected to make any real impact on the cost-conscious selection of ADP jobs and it should not be very difficult to implement.

5. Alternative d. makes users fully responsible for "decentralized" budgeting and payment for their ADP services. ADP centers would budget only for cadre and overhead activities such as basic computer system design and engineering, training and administration. Centers would charge for all user services and would be dependent upon users for financial support and operating funds. User ADP budgets would have to be coordinated with centers in order for the centers to plan for the required capabilities.

This alternative shifts control of much of the ADP budget and funds from centers to users and involves more complicated administration. There is also the risk that users would be tempted to set up their own small ADP shops rather than task centers for their requirements. Alternative d may be too complicated and drastic to be practical or acceptable.

6. Alternative e. involves completely "decentralized" budgeting and control of ADP funds by users. ADP centers would have difficulty in planning and budgeting for the development of needed capabilities. The desired objective can be accomplished by the other less drastic and more practical measures.

7. Alternative f. aims at cost-conscious job selection via evaluation of individual jobs by an independent review, rather than by the budgeting mechanism and the user alone. This alternative could be used in combination with the budgeting alternatives a. through e. particularly a, b and c.

Alternative f. would classify jobs according to the degree of management attention which their importance, cost and priority warrant. Thus jobs costing over \$100 thousand and of high priority would receive more careful evaluation than those under five thousand dollars in cost. Work requests for new and existing jobs could be reviewed, approved and assigned priorities by the IP Board, the IP Staff, a special review board or a combination of these.

This approach requires that each job be considered individually on the basis of its own value and cost. This would increase awareness of the end uses being made of ADP. The fact that ADP work requests are being independently reviewed would cause users to evaluate and screen their own requests more carefully in order to justify them. Practice has shown that this procedure results in the withdrawal of some doubtful applications and that others which would not be justified are never requested. This positive inducement to user evaluation is probably the major benefit of this approach. Rejection of unwarranted applications by the review group is a second benefit. The priority ranking of jobs would help apply ADP resources to work of the greatest apparent value and importance. ADP centers would be relieved of the necessity of deciding which jobs come first.

Significant improvement in cost-conscious selection of ADP jobs seems to require some form of independent and objective review of the jobs themselves. Procedures to do this need not be highly complicated. The quantity of new jobs for review would be several dozen per year. Review of existing jobs would be a one-time task involving several hundred jobs and could be spread over a period of time.

8. Alternative a. involves no new impact on the PPB System. Alternative b. involves no inherent impact. However, the information contained in the OCS Resource Distribution Report and similar reports is very useful to the IP&E Team in analyzing resource utilization and in program and budget review.

Alternative c. involves the establishment of an allowance or credit for each user of ADP. This appears in the budget of the ADP centers, not the user's budget. It would be coordinated between each center and its customers. PPB review of these ADP programs and budgets should include some examination of the user requirement and this could be done by the IP&E Team, informally or formally with the user and within the existing PPB cycle.

Alternative d. transfers the major part of ADP costs into the user's budget, with overhead and cadre costs remaining in budgets of ADP centers. This fragments ADP programs and budgeting and requires examination of the budget of each ADP user and then aggregating these in order to obtain total ADP costs by center and by IP&E category. Each PPB team would have to review the part of ADP included in the programs and budgets of those organizations which it reviews. It would also be necessary to add an ADP element to each sub-category in the PPB structure. The IP&E Team would then have to attempt to put these pieces together, analyze and justify them. This procedure would be quite complicated and probably more confusing than enlightening. It appears both non-workable and non-beneficial from the viewpoints of ADP centers, users and O/PPB.

Alternative e. carries the same PPB complexities as alternative d.


Alternative f. is supplemental to the existing PPB cycle and the work of the IP&E Team and does not alter existing PPB procedures. New ADP jobs would be reviewed as they occurred. Review of existing

jobs could be scheduled throughout the year. IP&E personnel would participate in the review and the information and understanding gained would be directly relevant and of great help in performing the PPB function. It would add continuity and consistency to the PPB process by involving the IP&E Team during work planning phases rather than once a year and after the fact. This kind of continuing interchange is an important feature of the PPB process in its own right.

9. Combinations of alternatives b. and f. or c. and f. appear to be the most effective, beneficial and practical measures. The added work which they would require is all directly focused on giving more attention to better job selection and the objective cannot be accomplished without more attention to the jobs themselves. Alternative b. alone will accomplish very little. Alternative c. by itself involves the user in a limited degree of planning and budgeting but does little to induce the careful evaluation and selection of jobs. Alternatives c. and f. in combination have all the advantages of b. and f. combined plus user involvement in planning and budgeting for ADP resources.

It is recommended that alternatives b. and f. combined, c. and f. combined, and c. alone warrant further consideration.

10. Because of the greater diversity of customers and jobs served by OCS, it might be desirable to initiate any new job selection procedure with OCS and its users. CRS and its customers could be a second area of application, followed by other centers. If alternative f. is adopted to screen individual jobs, initial attention could be focused on new applications and existing jobs could be reviewed subsequently.



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